

Fundamentals:

Wall Street's holiday cheer ended abruptly on Friday, with all three main benchmarks slumping in a broad-based sell-off affecting even tech and growth stocks that had driven markets higher through much of the shortened trading week.

The Dow Jones Industrial Average was 0.98% lower at 1.39 p.m. ET, falling 422.63 points to 42,903.17. The index is on course to snap a five-session winning streak following a 10-session decline, its worst losing stretch since 1974.

The S&P 500 slipped 1.38%, or 83.08 points, to 5,954.51, and the Nasdaq Composite declined 1.85%, or 371.34 points, to 19,649.01.

The sell-off thwarted the seasonal Santa Claus rally, in which stocks traditionally rise during the last five sessions of December and the first two of January. Since 1969, the S&P 500 has climbed 1.3% on average, according to the Stock Trader's Almanac.

"If nothing else, today is a reminder that just because a Santa Claus rally is a statistical likelihood, it is far from guaranteed," said Steve Sosnick, chief market strategist at Interactive Brokers.

Thursday's session hinted at momentum stalling, with both the S&P 500 and Nasdaq posting marginal losses to end multi-session winning runs.

Rising U.S. Treasury yields had been catching investors' attention, with the benchmark 10-year note hitting a more than seven-month high in the previous session. The yield hovered close to that mark on Friday, at 4.61%.

Higher yields are seen as hampering growth stocks, as they raise borrowing costs for business expansion. These stocks, especially the so-called Magnificent Seven technology megacaps which had been key drivers of the market's 2024 rally, were also caught up in Friday's sell-off.

For the second successive day, Tesla led decliners among the group, off 4.4%. Amazon.com <AMZN.O>, Microsoft and Nvidia also shed more than 2%.

All 11 major S&P sectors fell. The worst performers on Friday were the three indexes which have been 2024's leading lights: consumer discretionary, information technology and communication services. The trio were trading between 1.5% and 2.1% lower on the day.

"Tech, which has had a tremendous run, is starting to pull back. It is the beginning of a healthy correction that will get focused in on over the next four to eight weeks as we switch administrations," said Jay Woods, chief global strategist at Freedom Capital Markets.

Despite Friday's travails, all three indexes were set for weekly gains, with the S&P 500 now about 2.3% below its all-time high of 6,099.97 points clinched on Dec. 6.

News events helped some stocks to buck the market sell-off.

Amedisys gained 4.7% after the home health service provider and insurer United Health extended the deadline to close their \$3.3 billion merger.

Lamb Weston climbed 4.1% after a filing showed activist investor Jana Partners is working with a sixth executive to push for changes at the French fry maker, a move which could result in a majority of the company's board being replaced.

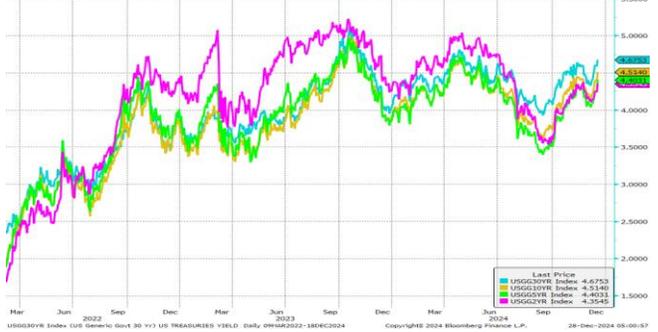
Trading volumes in this holiday-shortened week have been below the average of the last six months and are likely to remain subdued until Jan. 6. The next major focus for markets will be the December employment report due on Jan. 10.

(Source: Reuters)

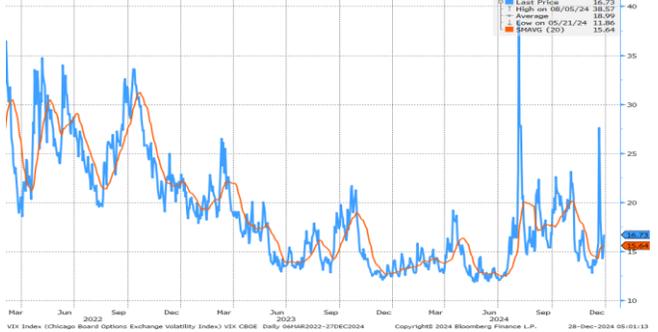
Contract	Close	Change	High	Low
E-Mini Dow MAR 25	43,344.00	-349.00	43,710.00	43,076.00
E-Mini S&P MAR 25	6,027.00	-64.750	6,095.25	5,982.75
E-Mini NASDAQ MAR 25	21,698.50	-280.25	22,008.00	21,498.75
Micro Russell 2K JUN 22	2265.2	-35.3	2301.4	2241.4
USD Nikkei MAR 25	40,220.0	390.0	40,545.00	39,675.00
US Dollar Index	108.01	-0.117	108.20	107.87
DJIA	42,992.21	-333.590	43,238.85	42,761.56
S&P 500	5,970.99	-66.600	6,006.17	5,932.95
NASDAQ	19,722.03	-298.330	19,904.77	19,553.40
Nikkei 225	40,281.16	713.100	40,398.23	39,669.39
Hang Seng	20,090.46	-7.830	20,184.88	20,009.95
Straits Times	3,771.63	10.180	3,785.21	3,762.93
DAX	19,984.32	135.550	19,984.32	19,801.33
CAC	7,355.37	72.680	7,355.37	7,278.42
FTSE100	8,149.78	12.790	8,151.28	8,112.29

Historical Volatility	10 Days	30 Days	60 Days	90 Days
E-Mini Dow Futures	18.12	12.33	13.59	12.58
E-Mini S&P Futures	20.58	13.25	13.02	12.94
E-Mini Nasdaq Futures	18.71	17.50	19.84	24.69

U.S. Government Treasuries Yield



CBOE Volatility Index (VIX)



Dollar Index



Economic Releases	Period	Survey	Actual	Prior	Revised	
12/20/2024 21:30	PCE Price Index MoM	Nov	0.20%	0.10%	0.20%	--
12/20/2024 21:30	PCE Price Index YoY	Nov	2.50%	2.40%	2.30%	--
12/20/2024 21:30	Core PCE Price Index MoM	Nov	0.20%	0.10%	0.30%	--
12/20/2024 21:30	Core PCE Price Index YoY	Nov	2.90%	2.80%	2.80%	--
12/26/2024 21:30	Initial Jobless Claims	Dec-21	221k	219k	220k	--
01/02/2025 22:45	S&P Global US Manufacturing PMI	Dec F	48.3	--	48.3	--
01/03/2025 23:00	ISM Manufacturing	Dec	48.2	--	48.4	--
01/03/2025 23:00	ISM Prices Paid	Dec	--	--	50.3	--
01/03/2025 23:00	ISM New Orders	Dec	--	--	50.4	--
01/03/2025 23:00	ISM Employment	Dec	--	--	48.1	--

E-Mini Dow Index Futures Daily Chart



E-Mini S&P 500 Index Futures Daily Chart



E-Mini NASDAQ 100 Index Futures Daily Chart



Micro E-Mini Russell 2000 Index Futures Daily Chart



Technical Analysis

Dow		S&P	
1st Resistance:	43994	2nd Resistance:	44644
1st Support:	42694	2nd Support:	42044
MACD:	-274.860	MACD:	1.329557
MACD DIFF:	-141.120	MACD DIFF:	-11.574921
RSI:	40.075	RSI:	47.014901

Nasdaq		Micro Russell	
1st Resistance:	22023.98	2nd Resistance:	22349.46
1st Support:	21373.02	2nd Support:	21047.55
MACD:	167.526	MACD:	-31.780
MACD DIFF:	-39.817	MACD DIFF:	-15.400
RSI:	51.956	RSI:	37.315

Source: Bloomberg

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